



April 27, 2015

Co-Chair John W. Fonfara
Co-Chair Jeffery J. Berger
Senator Scott L. Frantz
Representative Christopher Davis

Finance, Revenue and Bonding Committee:

The Connecticut Energy Marketers Association (CEMA) represents 576 family owned petroleum marketers and their associated business in Connecticut. Our members own, operate, and distribute gasoline to 1,400 gasoline and convenience stores. CEMA members employ over 13,000 people in our state.

We are here today in **opposition to H.B. 7059**, An Act Establishing Registration Fees for Sellers and Manufacturers of Electronic Cigarette Products.

This bill proposes to create a new annual fee of \$500 per retail outlet that sells electronic nicotine delivery system or vapor products. In addition to the \$500 annual fee, an additional \$100 fee would be charged in the first year.

After surveying our members about this proposed new \$500 registration fee, we learned that between 30% and 50% of the 1,400 convenience stores (c-stores) that they own, operate and distribute products to would stop selling e-cigarettes and other products that fall under the registration.

The reason for such a dramatic withdrawal from selling these products is because most c-stores do not sell enough of these products to justify spending \$500 per year.

No other state that we are aware of has a registration fee that approaches this level and if passed in Connecticut would likely have unintended consequences.

To put this \$500 "e-cigarette" fee in perspective, it would be ten times higher than the \$50 fee charged by the state for a tobacco dealer license, making it very difficult for many retailers to justify both fees.

E-cigarette and vapor products are a relatively unestablished product and a \$500 fee would eliminate many mom and pop retailers from selling them. This would drive the sale of this product to larger big box sellers, the internet and the black-market.

We would like to work with the committee on language that allows e-cigarette and vapor products to be registered with the state, without having to pay exorbitant fees.

Respectfully,

Christian A. Herb
President